

Louisiana State Board of Home Inspectors

Financial Statements

June 30, 2013

WILLIAM E. DeLOACH
Certified Public Accountant

William E. DeLoach
Certified Public Accountant

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Independent Accountant's Review Report

To the Management and Board of Directors
Louisiana State Board of Home Inspectors
Baton Rouge, Louisiana

I have reviewed the accompanying statement of financial position of the Louisiana State Board of Home Inspectors as of June 30, 2013, and the related statements of activities, change in net position, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.


Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

The Louisiana State Board of Home Inspectors has not presented management discussion and analysis that generally accepted accounting principles accepted in the United States of America and Louisiana Revised Statute 24:514 has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Based on my review I am not aware of any material modifications that should be made to the accompanying basic financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report, dated November 1, 2013 on the results of our agreed-upon procedures.


Certified Public Accountant

November 1, 2013

**LOUISIANA STATE BOARD OF HOME INSPECTORS
OFFICE OF THE GOVERNOR
EXECUTIVE DEPARTMENT
STATE OF LOUISIANA**

**Statement of Financial Position
June 30, 2013**

ASSETS

Current Assets

Cash	\$ 251,208
Accounts Receivable	925
Prepaid Expense	<u>5,000</u>
Total Current Assets	257,133

Capital Assets

Furniture	6,911
Office Equipment	33,982
Intangible Asset	<u>13,293</u>
Total Capital Assets	<u>54,186</u>
Less Accumulated Depreciation & Amortization	<u>(51,478)</u>
Net Capital Assets	2,708

Other Assets

Deposits	<u>500</u>
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TOTAL ASSETS	\$ <u>260,341</u>
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LIABILITIES & NET POSITION

Current Liabilities

Accounts Payable	\$ 6,561
Compensated Absences Payable	7,060
Payroll Taxes & Withholdings	<u>645</u>
Total Current Liabilities	14,266

Non-Current Liabilities

Other Post Employment Benefits	<u>37,153</u>
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TOTAL LIABILITIES	51,419
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TOTAL NET POSITION - Unrestricted	<u>208,922</u>
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TOTAL LIABILITIES & NET POSITION	\$ <u>260,341</u>
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See accountant's review report and accompanying footnotes.

**LOUISIANA STATE BOARD OF HOME INSPECTORS
OFFICE OF THE GOVERNOR
EXECUTIVE DEPARTMENT
STATE OF LOUISIANA**

**Statement of Activities
and Change in Net Position
For the Year Ended June 30, 2013**

OPERATING REVENUES

Application Fees	\$ 30,505
Inspection Fees	146,982
Continuing Education Fees	8,800
Penalties & Fines Collected	18,205
Other Revenue	2,206
Total Operating Revenue	<u>206,698</u>

OPERATING EXPENSES

Operating Services & Supplies	40,777
Depreciation	783
Salary, Wages, & Benefits	80,866
Professional Fees	15,357
Total operating expenses	<u>137,783</u>

CHANGE IN NET POSITION 68,915

NET POSITION - Beginning of the Year	172,107
Prior Period Adjustment	<u>(32,100)</u>

NET POSITION - End of the Year \$ 208,922

See accountant's review report and accompanying footnotes.

**LOUISIANA STATE BOARD OF HOME INSPECTORS
OFFICE OF THE GOVERNOR
EXECUTIVE DEPARTMENT
STATE OF LOUISIANA**

**Statement of Cash Flows
For the Year Ended June 30, 2013**

Cash flows from operating activities:

Cash received from fees, including cash deposits	\$ 205,773
Disbursed for operations	(127,068)
Depreciation	783
Net increase in cash provided by operating activities	79,488
Net decrease by investing activities	(1,375)
Cash at beginning of year	<u>173,095</u>
Cash at end of year	<u><u>\$ 251,208</u></u>

**Reconciliation of change in net position to net cash
provided by operating activities**

Change in net position	\$ 68,915
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	783
Increase in OPEB liability	5,053
Increase in Receivables	(925)
Increase in Payables	<u>5,662</u>
Net cash provided by operating activities	<u><u>\$ 79,488</u></u>

See accountant's review report and accompanying footnotes.

**LOUISIANA STATE BOARD OF HOME INSPECTORS
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

INTRODUCTION

The Louisiana State Board of Home Inspectors (Board), a related organization of the State of Louisiana, was created by the Louisiana Legislature in 1999 and is established under the provisions of Louisiana Revised Statute (R.S.) 37:1474. The Board is a licensing agency of the State of Louisiana. The Board's enabling legislation, the Home Inspectors Licensing Law, is comprised by R.S. 37:1471 *et seq.* The Board is composed of a single member from each congressional district and is appointed by the Governor of the State of Louisiana to serve six year terms. The Board is charged with the responsibility of regulating all persons engaged in the business of inspecting existing residential homes for compensation, and advising persons utilizing such services and the general public of the legal obligations and responsibilities of residential home inspectors. The operations of the Board are funded through self-generated revenues primarily derived from license applications, license renewals, and fees from inspections performed by home inspectors. The board has one full time employee.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Board have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements present the financial position, results of operations, and cash flows of the Board as of and for the year ended June 30, 2013.

Financial Reporting Entity: As required by GASB Statement No. 61, *The Financial Reporting Entity – an amendment of GASB Statements No.14 and No. 34*, the Board is considered a related organization of the State of Louisiana. The accompanying financial statements present only the transactions of the Board.

Basis of Presentation - Fund Accounting: Proprietary funds are used to account for the Board's ongoing operations and activities which are similar to those in the private sector. Proprietary funds are accounted for using a flow of economic resources measurement focus under which all assets and all liabilities associated with the operation of these funds are included in the Statement of Financial Position. The operating statement presents increases (revenues) and decreases (expenses) in total net position. The Board maintains one proprietary fund, the General Fund.

Basis of Accounting: The Board prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Such principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of

**LOUISIANA STATE BOARD OF HOME INSPECTORS
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

revenues and expenses during the reporting period. Actual results could differ from those estimates. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Board has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), excluding those issued after November 30, 1989.

Basis of Reporting: The Board has adopted GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and also the required portions of GASB Statement No. 37, *Basic Financial Statements – for State and Local Governments – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*, which modified the disclosure requirements of GASB No. 34. GASB No. 34 established standards for external reporting for all state and local governmental entities. It requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt: This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws and regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net position consists of net position that does not meet the definition of restricted, or invested in capital assets, net of related debt.

Net Position: On July 1, 2012, the Board adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provided financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position. State and local governments enter into transactions that result in the consumption or acquisition of net position in one period that are applicable to future periods. GASB Statement No. 63 requires that deferred outflows of resources should be reported in a separate section following assets and deferred inflows of resources should be reported in a separate section following liabilities.

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position should be displayed in three components - *invested in capital assets, net of related debt* consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction or improvement of those assets; *restricted* distinguishing between major categories of restrictions and consisting of restricted assets reduced by liabilities and deferred inflows of resources related to those assets; and *unrestricted* consisting of

LOUISIANA STATE BOARD OF HOME INSPECTORS
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of capital assets, net of related debt or the restricted portion of net position.

Budgets and Budgetary Accounting: Subject to the Louisiana Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342, the Board adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The Board must approve any revisions that alter the total expenditures. Although budget amounts lapse at year end, the Board retains its unexpended fund balances to fund expenditures in the succeeding year.

Cash and Cash Equivalents: Cash and cash equivalents include amounts in interest-bearing demand deposits. Under state law, the Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.

The Board's policy is tailored after Louisiana Revised Statute 49:327 and prohibits investments with maturities extending beyond twelve months. The policy also requires that three quotes be obtained from allowable financial institutions as to interest rates and that the amounts of the investment not exceed an amount insured by FDIC (\$250,000) and pledged collateral at any one institution.

Inventory: Inventory of the Board includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets: Capital assets are recorded at historical cost. Depreciation is recorded using the straight-line method over the useful lives of the assets. Generally, the Board includes all capital acquisitions with a cost of \$1,000 in its fixed asset inventory. However, certain items at a cost below that amount may be capitalized if benefits of the item will extend beyond one year and/or the Board wants to monitor the item.

**LOUISIANA STATE BOARD OF HOME INSPECTORS
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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Compensated Absences: Employees of the Board earn and accumulate vacation and sick leave at varying rates depending on their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, however, employees or their heirs are compensated for only up to 300 hours of unused vacation leave. This is computed at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. At June 30, 2013, employees of the Board had accumulated and vested \$7,060 in employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

NOTE 2 – CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 2013:

	<u>Book Balance</u>	<u>Bank Balance</u>
Demand deposits	<u>\$ 251,208.18</u>	<u>\$ 254,074.05</u>

Custodial risk is the risk that in the event of a bank failure, the Board's deposits may not be recovered. The Board's deposit policy conforms to state law. Under state law, the Board's deposits must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the Board or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The Board does not have any deposits that fall within this category. Deposits of the Board are secured with insurance through FDIC and collateral pledged by the agent bank.

NOTE 3 – INVESTMENTS

At June 30, 2013 the Board has no investments.

**LOUISIANA STATE BOARD OF HOME INSPECTORS
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Computers and Related Assets	\$ 32,607	\$ 1,375	\$ 0	\$ 33,982
Less: accumulated depreciation	(31,922)	(470)	0	(32,392)
Net Computers and Related Assets	685	905	0	1,590
Office Furniture	6,911	0	0	6,911
Less: accumulated depreciation	(5,480)	(313)	0	(5,793)
Net Furniture	1,431	(313)	0	1,118
Intangible Assets	13,293	0	0	13,293
Less: accumulated depreciation	(13,293)	0	0	(13,293)
Net Intangible Assets	0	0	0	0
Net Capital Assets, being depreciated	<u>2,822</u>	<u>592</u>	<u>0</u>	<u>2,708</u>

NOTE 5 – LEAVE

Annual and Sick Leave. The Board's employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service. Accumulated leave is carried forward to succeeding years without limitation. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditures when leave is earned. Only annual leave is accrued in the accompanying statements of net position at \$7,060.

Compensatory Leave. Non-exempt employees, according to the guidelines contained in the Fair Labors Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer. Compensatory leave time was not accrued at June 30, 2013.

**LOUISIANA STATE BOARD OF HOME INSPECTORS
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 – PENSION PLAN

Substantially all of the employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a cost sharing single-employer, defined benefit pension plan. LASERS is a statewide public retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. LASERS provides retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

All full-time Board employees are eligible to participate in LASERS. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information of the System. That report may be obtained by contacting the Louisiana State Employees Retirement System, P. O. Box 44213, Baton Rouge, La. 70804-4213, or by calling 225-922-0605 or 800-256-3000.

Covered employees are required to contribute 8.0% of gross salary to the plan, and the Board is required to contribute at an actuarially determined rate as required by Louisiana Revised Statute 11:102. That rate for the year ended June 30, 2013, was 29.1%. Contributions to the System for the years ended June 30, 2013, 2012 and 2011, were \$13,437, \$9,626 and \$7,768, respectively.

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS

The Board may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all of the Board's employees become eligible for those benefits if they reach normal retirement age while working for the Board and were covered by the Board's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

Plan Description. The State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care – OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and

**LOUISIANA STATE BOARD OF HOME INSPECTORS
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dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

La. R.S. 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap, writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

Funding Policy. LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Board with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. – 81%; 10-14 yrs. – 62%; 15-19 yrs. – 44%; 20+ yrs. – 25%). The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000. Premiums paid for healthcare coverage vary depending on the plan chosen. The plan is currently financed on a pay-as-you-go basis by the Board.

OPEB Cost/Obligation. The Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year ending June 30, 2013 is \$11,400.

The Board's OPEB obligation for the year ended June 30, 2013, is as follows:

Annual required contribution/OPEB Cost	\$ 5,053
Contributions made	<u>-</u>
Change in Net OPEB Obligation	5,053
Net OPEB obligation, beginning	<u>32,100</u>
Net OPEB obligation, ending	<u>\$37,153</u>

Utilizing the pay-as-you-go method, the Board contributed 0% of the annual post-employment benefits cost during the current year.

Funding Status and Funding Progress. As of June 30, 2013, the Board had not made any contributions to its post-employment benefits plan trust. A trust was established with an effective date of July 1, 2008, but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below.

**LOUISIANA STATE BOARD OF HOME INSPECTORS
BATON ROUGE, LOUISIANA
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Unfunded actuarial accrued liability (UAAL)	\$ 37,153
Covered payroll (active employees)	47,096
UAAL as a percentage of covered payroll	79%

Actuarial Methods/Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 7.0% and 8.1% for pre-Medicare and Medicare eligible, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis.

A prior period adjustment to the net ending position was made to correct an omission in order to comply with GASB 43 and GASB 45.

NOTE 8 – LEASES

Operating Leases. The Board executed a lease for office space beginning on March 1, 2013. It is for a period of three years payable at \$1,720 through February 28, 2016. For the year ended June 30, 2013, lease payments of \$21,730 were made. Future minimum operating lease payments under this lease for the years ending June 30 are as follows:

2014	\$20,640
2015	20,640
2016	<u>3,440</u>
Total	<u>\$44,720</u>

In addition, the Board leases a copier on a month to month basis at \$146 per month.

Capital Leases. The Board has no capital leases.

**LOUISIANA STATE BOARD OF HOME INSPECTORS
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 9 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 2013:

<u>Class of Payables</u>	<u>Amount</u>
Accounts	\$ 6,561
Payroll and related	645
Compensated absences	<u>7,060</u>
Total	<u>\$14,266</u>

NOTE 10 – RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure.

NOTE 11 – LITIGATION

There is no litigation that would require disclosure in this report.

NOTE 12 – SUBSEQUENT EVENTS

There were no events between the close of the year through issuance of this report that would materially impact these financial statements.

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Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Management and Board of Directors
Louisiana State Board of Home Inspectors
Baton Rouge, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Louisiana State Board of Home Inspectors and the Legislative Auditor, State of Louisiana, solely to assist the user in evaluating managements' assertions about the Louisiana Board of Home Inspectors compliance with certain laws and regulations during the period ended June 30, 2013 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Determine whether the Board complied with the public bid law.

I reviewed the schedule of assets and determined that the Board did not purchase equipment or items that did not comply with the public bid law.

Code of Ethics for Public Officials and Public Employees

2. Determine whether the Board or employees have accepted anything of value in the form of a service, loan, or promise from anyone that would constitute a violation of R.S. 42:1101-1124.

The Board and management has represented to me that they have not accepted anything of value that would be in violation of R.S. 42:1101-1124.

Meetings

3. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meeting law).

Louisiana State Board of Home Inspectors is required to post a notice of each meeting and the accompanying agenda on the door of its office building. The organization did post meeting notices and agendas on the doors of its offices.

Budgeting

4. For all grants exceeding five thousand dollars, determine that each state agency was provided with a comprehensive budget of those grants that included the purpose and duration, specific goals, and objectives and measures of performance.

Louisiana State Board of Home Inspectors provided comprehensive budgets to the State Treasurer for the program mentioned. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

Accounting and Reporting

5. Determine that the Board's governmental records are available as a public record and have been retained for at least three years as required by R.S. 44:1, 44:7, 44:31, and 44:36, and that the board has filed annual statements in accordance with R.S. 24:514, and 33:463, and the financial statements have been reviewed in accordance with R.S. 24:513.

The Board maintains financial records in its offices located at 4664 Jamestown Ave., Baton Rouge, Louisiana and has complied with the statutes regarding a review and filing of the annual financial statements.

Debt

6. Determine that Board did not incur any indebtedness other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have they entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

The financial records indicated that no indebtedness other than in the ordinary course of administration was incurred by the Board.

Advances and Bonuses

7. Determine that the Board and management has not advanced wages or salaries or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

The financial records indicate that no advances or bonuses were paid in violation of the above referred statute or AG opinion.

I was not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is solely for the use of the Louisiana Board of Home Inspectors, the Legislative Auditor (State of Louisiana), and the State Treasurers Office and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for the purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Baton Rouge, Louisiana
November 1, 2013

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

William E. DeLoach, MBA, CPA
5516 Superior Dr. Ste. B
Baton Rouge, Louisiana 70816

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 6-20-13.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

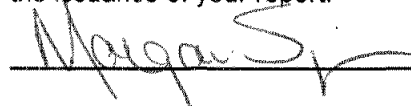
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

 Secretary 6-20-13 Date

Treasurer _____ Date

President _____ Date